

## Message Text

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PAGE 01 CASABL 00428 092002Z

67

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 INT-05 PA-01 PRS-01

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FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 3522

INFO AMEMBASSY RABAT

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E.O. 11652: N/A

TAGS: EFIN EINV BDIS MO

SUBJ: MOROCCANIZATION --CONTINENTAL ILLINOIS BANK

REF: RABAT 2607; CASABLANCA A-15

1. DEVELOPMENTS SINCE THOSE REPORTED REFTEL CONSIDERABLY COMPLICATE MOROCCANIZATION PROBLEM OF SOCIETE DE BANQUE ET DE CREDIT (SBC) (FORMER BANQUE AMERICAN FRANCO SUISSE, IN WHICH CONTINENTAL ILLINOIS IS A PARTNER). DE FAYETTE (CREDIT COMMERCIAL DE FRANCE) EXCHANGE OF LETTERS WITH MINFIN ON MAY 30 UNDERTOOK TO ACCOMPLISH MOROCCANIZATION DURING 30 DAY REPRIEVE PERIOD, APPARENTLY AT PRICE OF REDUCING FOREIGN BANKS' SHARE TO SMALL MINORITY HOLDING. HOWEVER, RIANT OF CREDIT COMMERCIAL ON MAY 31 SAW ROYAL CABINET DIRECTOR BEN SOUDA WHO TOLD HIM, AND SUBSEQUENTLY INFORMED MINFIN THAT GOM (PRESUMABLY THE KING) WANTED MORROCCANIZATION ACCOMPLISHED WITHOUT FURTHER REDUCTION FOREIGN BANK EQUITY.

2. ORIGINAL MOROCCANIZATION PLAN (REFAIR) BASED ON FACT THAT 34 PERCENT OF SHARES LONG HELD BY ZELLIDJA, A GOM-OWNED (SNI AND OCP) MINING COMPANY, AND 34 PERCENT BY FOREIGN BANKS,  
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PAGE 02 CASABL 00428 092002Z

WITH REMAINING 32 PERCENT SOLD TO ESSAADA, INSURANCE FIRM JOINTLY

OWNED BY MOROCCAN GROUP AND FRENCH FIRM DROUH. SINCE DROUH IS CUSTOMER OF CREDIT COMMERCIAL, FOREIGN BANKS OBVIOUSLY THOUGHT THAT WITH DROUH COOPERATION THEY WOULD RETAIN EFFECTIVE CONTROL. ESSAADA HAS NOW BEEN DIRECTED BY MINFIN TO DIVEST 22 PERCENT ON GROUNDS AN INSURANCE COMPANY NOT PERMITTED SO LARGE A HOLDING IN BANK. HOWEVER, BANKS HOPEFUL THAT ESSAADA PRES OUEZZANI WILL ACQUIRE SHARES PERSONALLY AND WILL COOPERATE IN THEIR RETENTION OPERATIONAL CONTROL.

3. REALLY SERIOUS PROBLEM WAS ZELLIDJA ACTION, IN FEB, TO TRANSFER ITS SHARES TO SUBSIDIARY WITHOUT WARNING, WHICH RESULTED IN MINFIN LAST MINUTE DECISION, MAY 27 THAT THIS OWNERSHIP DID NOT SATISFY MOROCCANIZATION DAHIR. SBC FOREIGN MANAGERS BELIEVE ZELLIDJA ACTION WAS DELIBERATE SQUEEZE PLAY BY OCP PRES KARIM LAMRANI (ZELLIDJA PRES FIHRI IS HIS NOMINEE AND PROTEGE) TO FORCE OUT FOREIGN BANKS.

4. THUS SITUATION NOW HIGHLY AMBIGUOUS AND 30-DAY CLOCK IS RUNNING. ON ONE HAND, DE FAYETTE HAS SIGNED UNDERTAKING THAT FOREIGN BANKS WILL TAKE NECESSARY STEPS TO MOROCCANIZE WHICH, IN ABSENCE OF THE SOLUTION, WOULD MEAN RELINQUISHING MOST OF EQUITY AND OF MANAGEMENT CONTROL. ON THE OTHER HAND, BEN SOUDA HAS TOLD RIANT AND MINFIN SOLUTION SHOULD NOT ENTAIL REDUCTION OF FOREIGN EQUITY, WHICH IMPLIES ZELLIDJA SHOULD SOLVE PROBLEM, PRESUMABLY BE REACQUIRING SHARES ALIENATED IN FEBRUARY. LOCAL REPS OF FOREIGN BANKS ARE PRIVATELY CRITICAL OF DE FAYETTE FOR PREMATURE WRITTEN UNDERTAKING TO MINFIN, VERY SUSPICIOUS OF LAMRANI'S ROLE, BUT PROPOSE TO SIT TIGHT AND SEE WHAT MINFIN AND ZELLIDJA WILL DO (UNLESS OVERRULED BY THE PARIS PRINCIPALS WHO ARE NOW CALLING SIGNALS.

5. COMMENT: IN THIS CONFUSED SITUATION, GOM APPEARS TO BE INTERNALLY AT ODDS AND OUTCOME UNCERTAIN. BEN SOULDA STATEMENT, AS WELL AS GOM ACTION IN RESOLVING LAST MINUTE MOROCCANIZATION PROBLEMS OF OTHER FOREIGN BANKS (CITIBANK, ALGEMENE, BBM) INDICATE DESIRE TO KEEP FOREIGN BANKS HERE. IN SBC'S CASE, HOWEVER, ONLY APPARENT WAY TO DO SO WILL BE TO COMPEL REVERSAL BY ZELLIDJA AND LAMRANI, WHO PACKS A LOT OF CLOUT WITHIN GOM. WE'LL KNOW THE ANSWER BY JUNE 30.

BRUBECK

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PAGE 03 CASABL 00428 092002Z

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## Message Attributes

**Automatic Decaptioning:** X  
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